

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: March 3, 2006

To: The Commission
(Meeting of March 15, 2006)

From: Delaney Hunter, Director
Office of Governmental Affairs (OGA) — Sacramento

Subject: **AB 1785 (Bermudez) Grade separation projects: Funding
As Introduced January 4, 2006**

Legislative Subcommittee Recommendation: Support

Summary: This bill would amend Streets and Highway Code Section 190 to require Caltrans to increase the annual budget allocation for rail/highway grade separation projects that are included in the safety prioritized list prepared by the California Public Utilities Commission (Commission) from the current level of \$15 million to \$70 million.

Division Analysis (CPSD/OGA):

The existing annual allocation of \$15 million was established over 25 years ago and is no longer adequate. Increases in the cost of land acquisition (particularly in urban areas) and construction have resulted in the fixed allocation funding fewer projects over time. Decision 98-06-072 indicated that the Commission's priority list of 41 crossing projects eligible for Grade Separation program funds for the 1998-99 fiscal year had a total cost approaching \$600 million. The Decision stated "(w)ith so many projects proposed for grade separation, the Commission considers the fund in desperate need of an increase to keep pace with inflation and to adequately fund grade separations at locations with potential safety hazards." (D.98-06-072, issued June 18, 1998, p.4)

The current priority list adopted in Decision 05-06-056 has 71 crossing projects eligible for funding in the 2006-07 fiscal year.

Background Information:

- S&H Code Section 190 requires the State's annual budget to include \$15 million for funding these projects. S&H Code Section 2450 et seq. sets out the

procedure for administering these funds, and Section 2453 gives the CTC responsibility for allocating (distributing) the funds to qualified projects.

- S&H Code Section 2452 requires the Commission to establish the priority list for projects and furnish it to the CTC by July 1 of each year for use in the fiscal year beginning on that date. Commission procedure is to promulgate the list for the first fiscal year by issuing an interim decision, and then to revise the list for the second year by deleting projects for which funds were actually allocated in the first. Commission adopts the revised list by final decision in the second year of the proceeding, and begins the funding cycle again the following year by instituting a new proceeding.

Recommended Amendments:

N/A

Fiscal Analysis: The bill would produce no fiscal impact on the Commission.

Legislative History:

In December 1998, the Commission acted formally to sponsor legislation (AB 357-Calderon) that would increase the annual appropriation for grade separation projects from \$15 million to \$60 million. The legislation was amended following legislative debates to remove the funding level provisions and insert language requiring the Commission to submit a report to the Legislature on the sufficiency of the \$15 million fund. The Commission, in taking a sponsorship position on what ultimately became AB 357, had internally reviewed the sufficiency of the \$15 million appropriation and determined that for safety reasons, an increase in the funding level was necessary. The \$15 million allocation for safety prioritized projects mandated by S&H Code Section 190 was set in 1974 and is woefully inadequate today. The Commission staff suggested a \$60 million funding level in order to provide the same purchasing power in the following fiscal years as was provided in 1974 after they analyzed the increased construction and land acquisition costs.

Related legislation: AB 453 (c. 298, 2005) provided on additional year to local agencies to complete state-funded grade separation projects.

Status:

AB 1785 was introduced on January 4, 2006. The bill is in the Assembly Transportation Committee but has not been set for hearing.

Support/Opposition:

Support:

Union Pacific Rail Road
Burlington Northern Santa Fe Rail Road
California Short Line Rail Road Association
City of Norwalk
City of Santa Fe Springs

Opposition:

None on file.

Staff Contacts:

Delaney Hunter
OGA

dlh@cpuc.ca.gov
(916) 327-7788

Date: March 3, 2006

BILL LANGUAGE:

BILL NUMBER: AB 1785 INTRODUCED
BILL TEXT

INTRODUCED BY Assembly Member Bermudez

JANUARY 4, 2006

An act to amend Section 190 of the Streets and Highways Code,
relating to highways.

LEGISLATIVE COUNSEL'S DIGEST

AB 1785, as introduced, Bermudez Grade separation projects.

Existing law requires the Department of Transportation to prepare and submit to the Governor a proposed budget that includes \$15,000,000 for allocation to grade separation projects, as specified.

This bill would increase the amount required to be budgeted for allocation to grade separation projects from \$15,000,000 to \$70,000,000.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 190 of the Streets and Highways Code is amended to read:

190. ~~Each~~ Every annual proposed budget prepared pursuant to Section 165 shall include the sum of ~~fifteen million dollars (\$15,000,000)~~ *seventy million dollars (\$70,000,000)*, which sum may include federal funds available for grade separation projects, for allocations to grade separation projects, in accordance with Chapter 10 (commencing with Section 2450) of Division 3. The funds included ~~for such purposes~~ pursuant to this section each fiscal year, or by any other provision of law, shall be available for allocation and expenditure without regard to fiscal years.